

Senate Bill No. 177

Passed the Senate August 27, 2004

Secretary of the Senate

Passed the Assembly August 24, 2004

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day of
_____, 2004, at _____ o'clock __M.

Private Secretary of the Governor

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CHAPTER _____

An act to add and repeal Section 17463.6 of the Education Code, relating to public schools, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 177, Hollingsworth. Surplus school property: use of proceeds.

Existing law, the Leroy F. Greene School Facilities Act of 1998 (the Greene Act of 1998), requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes a school district having an average daily attendance of less than 10,001 in any fiscal year to deposit any and all interest earned on those funds into the general fund of the district if the district meets certain conditions.

This bill would, notwithstanding any other law, and until January 1, 2007, authorize the Santee School District and the Capistrano Unified School District to sell certain surplus real and personal property, as provided, to deposit the proceeds into the general fund of the school district or county office of education, and to use the proceeds from that transaction for any one-time general fund purpose. If the purchase of the property was made using the proceeds of a general obligation bond act or revenue derived from developer fees, the bill would prohibit the amount deposited into the general fund of the school district or county office of education from exceeding the difference between the purchase price of the property and the proceeds of the transaction divided by the amount of the proceeds of the transaction, as defined.

This bill would declare that, due to the special circumstances applicable to the Santee School District and the Capistrano Unified



School District, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

The bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Santee School District and Capistrano Unified School District possess properties surplus to their needs.

(b) The properties in question described in subdivision (a) are unsuitable for school district use or school construction purposes.

(c) The properties were purchased entirely with local funds.

SEC. 2. Section 17463.6 is added to the Education Code, to read:

17463.6. (a) Notwithstanding any other law, the Santee School District and the Capistrano Unified School District may sell surplus real property, together with any personal property located thereon, purchased entirely with local funds, to any nonprofit, for profit, or governmental entity and may deposit the proceeds thereof into the general fund of the school district or county office of education; and may use the proceeds from the sale for any one-time general fund purpose. If the purchase of the property was made using the proceeds of a general obligation bond act or revenue derived from developer fees, the amount of the proceeds of the transaction that may be deposited into the general fund of the school district or county office of education may not exceed the percentage computed by the difference between the purchase price of the property and the proceeds from the transaction, divided by the amount of the proceeds of the transaction. For the purposes of this section, proceeds of the transaction means either of the following, as appropriate:

(1) The amount realized from the sale of property after reasonable expenses related to the sale.

(2) For any transaction that does not result in a lump-sum payment of the proceeds of the transaction, the proceeds of the



transaction shall be calculated as the net present value of the future cashflow generated by the transaction.

(b) The State Allocation Board shall reduce an apportionment of hardship assistance awarded to the Santee School District or the Capistrano Unified School District pursuant to Article 8 (commencing with Section 17075.10) by an amount equal to the amount of the sale of surplus real property used for a one-time expenditure of the school district pursuant to this section.

(c) If the Santee School District or Capistrano Unified School District exercises the authority granted pursuant to this section, the district is ineligible for hardship funding from the State School Deferred Maintenance Fund under Section 17587 for five years after the date of sale.

(d) Before the Santee School District or the Capistrano Unified School District exercises the authority granted pursuant to this section, the governing board of the school district shall first submit to the State Allocation Board documents certifying the following:

(1) The district has no major deferred maintenance requirements not covered by existing capital outlay resources.

(2) The sale of real property pursuant to this section does not violate any provisions of a local bond act.

(3) The real property is not suitable to meet any projected school construction need for the next 10 years.

(e) Before the Santee School District or the Capistrano Unified School District exercises the authority granted pursuant to this section, the governing board of the school district shall at a regularly scheduled meeting present a plan for expending one-time resources pursuant to this section. The plan shall identify the source and use of the funds and describe the reasons why the expenditure will not result in ongoing fiscal obligations for the district.

(f) This section is repealed on January 1, 2007, unless a later enacted statute that becomes operative on or before January 1, 2007, deletes or extends the date on which it is repealed.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the financial circumstances of the Santee School District and the Capistrano Unified School District.



SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

The fiscal crisis facing this state and the need for fiscal flexibility of the Santee School District and the Capistrano Unified School District require that this act take effect immediately.



Approved _____, 2004

Governor

